



DEPARTMENT OF THE ARMY
ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT
600 ARMY PENTAGON
WASHINGTON, DC 20310-0600



REPLY TO
ATTENTION OF

DAIM-FD

AUG 28 2001

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Implementing Instructions for Recording/Reporting Construction-In-Progress (CIP)
of In-House Capital Improvement Projects

1. References:
 - a. AR 405-45, Real Property Inventory Management, 30 Jun 00.
 - b. DA Pam 405-45, Real Property Inventory Management, published 15 Sep 00.
2. The purpose of this memorandum is to provide implementing instructions (enclosed) for the financial reporting of CIP costs associated with in-house capital improvement projects. These instructions will be added to DA Pam 405-45 when updated.
3. The Chief Financial Officers Act (CFOA) requires that the value of CIP for capital improvement projects be reported on the Army's annual financial statements. The USACE has been doing this for MCA level projects but installations have not satisfactorily met this requirement for their in-house projects. References 1a. and 1b. established the Army policy requiring installations to report in-house CIP costs for capital improvement projects. Although the policy was established and disseminated, reporting of in-house CIP by installations for FY99 and FY00 was poorly represented and was not auditable.
4. These procedures are effective immediately and should be disseminated to your Engineering and Resource Management activities.
5. Point of Contact for this action is Mr. David Purcell, DAIM-FDF-M, (703) 428-7613, David.Purcell@hqda.army.mil.
6. Quality Facilities for Quality Soldiers!

Encl
as

UR,


R. L. VAN ANTWERP
Major General, U.S. Army
Assistant Chief of Staff
for Installation Management



DAIM-FD

SUBJECT: Implementing Guidance for Recording/Reporting Construction-In-Progress

DISTRIBUTION:

COMMANDER-IN-CHIEF

US ARMY EUROPE AND SEVENTH ARMY, ATTN: AEAGX

COMMANDER

US ARMY FORCES COMMAND, ATTN: FCCS, FORT MCPHERSON, GA 30330-6000

US ARMY TRAINING & DOCTRINE COMMAND, ATTN: ATCS, FORT MONROE, VA 23651-5000

US ARMY MATERIEL COMMAND, ATTN: AMCCS, 5001 EISENHOWER AVENUE, ALEXANDRIA, VA 22333-0001

US ARMY MATERIEL COMMAND (I&SA), ATTN: AMXCS, ROCK ISLAND, IL 61299-7190

EIGHTH US ARMY, ATTN: FKCS, APO AP 96205-0010

US ARMY PACIFIC, ATTN: APCS, FORT SHAFTER, HI 96858-5100

US ARMY MEDICAL COMMAND, ATTN: HSCS, 2050 WORTH ROAD, FORT SAM HOUSTON, TX 78234-6000

US ARMY MILITARY DISTRICT OF WASHINGTON, ATTN: ANCS, FORT MCNAIR, DC 20319-5050

MILITARY TRAFFIC MANAGEMENT COMMAND, ATTN: MTCS, FALLS CHURCH, VA 22041-5050

US ARMY RESERVE COMMAND, ATTN: AFRCS, 1401 DESHLER STREET S.W. FORT MCPHEARSON, GA 30330-2000

US ARMY SPACE AND MISSILE DEFENSE COMMAND, ATTN: CSCS HUNTSVILLE, AL 35807-3801

US ARMY CORPS OF ENGINEERS, ATTN: CECS, 441 G. STREET NW, WASHINGTON DC 20314-1000

US ARMY TEST AND EVALUATION COMMAND, ATTN: CSTE-ILE-EH, 4501 FORD AVENUE, ALEXANDRIA, VA 22302-1458

19TH TAACOM, ATTN: EANC-EN, APO AP 96205-0009

US ARMY SOUTH, ATTN: SOCS, FORT BUCHANAN, PR 00934

SUPERINTENDENT

US MILITARY ACADEMY, ATTN: MACS, WEST POINT, NY 10996-1592

DIRECTOR, US ARMY NATIONAL GUARD, ATTN: NGB-ARZ-D, 111 S. GEORGE MASON DRIVE, ARLINGTON, VA 22204

CF:

COMMANDER, US ARMY SPECIAL OPERATIONS COMMAND, ATTN: AOCS, FORT BRAGG, NC 28307-5212

DAIM-FD

SUBJECT: Implementing Guidance for Recording/Reporting Construction-In-Progress

COMMANDER, US ARMY INTELLIGENCE AND SECURITY COMMAND, ATTN:
IACS, FORT BELVOIR, VA 22060-5370

COMMANDER, US ARMY CRIMINAL INVESTIGATION COMMAND, ATTN: CFG-CX,
FALLS CHURCH, VA 22041-5015

OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS
& ENVIRONMENT), 600 ARMY PENTAGON, WASHINGTON, DC 20310-0600

OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY (FINANCIAL
MANAGEMENT & COMPTROLLER) 600 ARMY PENTAGON, WASHINGTON, DC

DIRECTOR, US ARMY CORPS OF ENGINEERS, INSTALLATION SUPPORT

DIVISION, ATTN: CEMP-I, 441 G. STREET NW, WASHINGTON DC 20314-1000

DEFENSE LOGISTICS AGENCY, ATTN: DLA-MMDI, 8725 JOHN J. KINGMAN
ROADSUITE 2533, FORT BELVOIR, VA 22060-6221

DAIM-MD

DAIM-ZR

Instructions For The Use Of The In-House Construction In Progress (CIP) Spreadsheet

Heading	-----	Enter current Quarter & Fiscal Year
Column	-----	(See A - N below)
(A)	DO NUM	Task / Delivery Order Number
(B)	PROJECT #	Enter Project number
(C)	TITLE	Enter Title of the project
(D)	TOTAL CONTRACT (\$)	Total cost of the Contract {Note 1}
(E)	TOTAL CAP IMP (\$)	Amount of (D) that the Project Manager determines to be Capital Improvement (\$100K or greater).
(F)	PERCENT CAP IMP	Percentage of total contract that is Capital Improvement (E/F %) {Note 2}
(G)	CONTRACT PAYMENT THIS QTR (\$)	Sum of payments in current quarter towards total contract
(H)	CAP IMP PAYMENT THIS QTR (\$)	Sum of payments in current quarter towards Capital Improvement {Note 3}
(I)	TOTAL CONTRACT PAYMENT AS OF LAST QTR (\$)	Total payments on the contract as of the end of last quarter
(J)	TOTAL CAP IMP PAYMENT AS OF LAST QTR (\$)	Total payments towards Capital Improvement as of the end of last quarter {Note 4}
(K)	TOTAL CONTRACT PAYMENTS TO DATE (\$)	Sum of all payments on total Contract (including current quarter)
(L)	TOTAL CAP IMP PAYMENTS TO DATE (\$)	Sum of all payments towards Capital Improvement (including current quarter) {Note 5}
(M)	DD1354 COMPLETE ?	Yes / No - If Yes, move project to "Projects closed out last quarter" and ensure amount is added to Real Property Inventory
(N)	POC	Self-explanatory
(O)	REMARKS	(i.e., project delay, awaiting material, other information of use to Project Manager)

Note 1 : Column (D) - This entry recognizes that a single contract may contain both Maintenance & Repair aspects (not capitalized) as well as Capital Improvements. However, if the project is all Capital Improvement, then there is no need to calculate percentage nor enter amounts in Columns (G), (I), &(K)

Note 2 : Column (F) - Percentage based on actual portion of the total contract that is a Capital Improvement (i.e. meets or exceeds \$100K threshold); used to calculate payments towards Capital Improvements if actual payments can not be determined directly. If available, use actual

payments in lieu of calculated payments

Note 3 : Column (H) - Payments in current quarter towards Capital Improvements determined directly if possible or by applying percentage in Column (F) to amount in Column (G) - "CONTRACT PAYMENT THIS QTR (\$)"

Note 4 : Column (J) - Sum of payments, as of the end of last quarter, towards Capital Improvements determined directly if possible or by applying percentage in Column (F) to amount in Column (I) - "TOTAL CONTRACT PAYMENT AS OF LAST QTR (\$)"

Note 5: Column (L) - Sum of all payments towards Capital Improvements determined directly if possible or by applying percentage in Column (F) to amount in Column (K)- "TOTAL CONTRACT PAYMENTS TO DATE (\$)"

SUBJECT: Implementing Instructions For Recording/Reporting Construction In Progress (CIP) for In-House Capital Improvement Projects

1. **Applicability:** These instructions are applicable to the Active Army, the Army National Guard, and US Army Reserves.

2. Background:

a. The Chief Financial Officers Act (CFOA) requires that the value of Construction-In-Progress (CIP) for capital improvement projects that exceed \$100,000 be reported on the Army's annual financial statements. The USACE has been doing this for MCA level projects. However, installations have not satisfactorily met this requirement for their in-house, capital improvement projects.

b. The requirement was established as Army policy in the revised AR 405-45, Real Property Inventory Management, published 30 Jun 00 with additional guidance provided in the new DA Pam 405-45, Real Property Inventory Management, published 15 Sep 00. Although the policy/guidance was established and disseminated, reporting of in-house CIP for FY99 and FY00 was poorly represented and was not auditable. Therefore, these supplemental instructions are forwarded to provide a detailed method for the recording and reporting of CIP. These instructions will be added to DA Pam 405-45 when updated.

3. Definitions:

a. In-house project: project initiated and paid for by the installation that meets the \$100,000 threshold (includes all means of accomplishment such as in-house workforce, commercial contract, troop construction, U. S. Army Corps of Engineers (USACE)).

b. Capital Improvement:

(1) Examples of capital improvements include:

(a) Making an improvement to an existing facility which materially increases its size, efficiency, or useful life.

(b) A project executed to improve or expand the efficiency of an asset that was otherwise in good working order.

(2) Examples of projects that are not considered a capital improvement:

(a) Replacement in kind of any component of an item of real property, (e.g., roof, floor, utility lines) when the component has failed, is in the incipient stages of failing or is no longer performing the functions for which it was designated;

(b) Internal reconfiguration of a building, i.e., moving of partitions or equipment.

(c) Making an addition, alteration, improvement, rehabilitation, or replacement of fixed assets when they do not materially increase the capacity or operating efficiency of an asset

4. Instructions (Active Army and US Army Reserves):

a. Ongoing expenses will be captured and reported as CIP for each capital improvement project that meets the \$100,000 threshold. These expenses include in-house direct labor, indirect labor, overhead, equipment, materials, engineering design, supervision and inspection. For contracted projects, include all progress payments made on all ongoing minor construction projects. For troop construction projects, the project cost is the total funded (i.e., materials, TDY, equipment rentals, etc.).

b. It is the responsibility of the DPW to ensure that CIP is reported for all installation projects. This responsibility includes projects accomplished by tenant organizations (e.g., certain Defense Agencies and Working Capital Fund activities) and those accomplished in accordance with the preponderance of use guidance found in the DoDFMR Vol. 4, Chapter 6, Para. 060105.B (http://www.dtic.mil/comptroller/fmr/04/04_06.pdf). The service support agreements between the installation and these tenants must specify responsibilities for CIP reporting. Similarly, procedures must exist to ensure that no duplication of CIP reporting occurs for projects accomplished for the installation by USACE. For construction approval and accountability procedures regarding tenant construction activities, refer to AR/DA Pam 405-45 and AR 210-20, Master Planning for Army Installations.

c. CIP tracking is the responsibility of the project manager. The project manager controls the flow of all documentation (and payments) until completion of the project. It is the project manager's responsibility to provide pertinent CIP information to the DPW Business Management Office for reporting to the Office of the Director of Resource Management (DRM) in a timely manner. The project manager will keep track of costs, to date, by project. Once the quarterly CIP report is provided to the DRM, the DPW Business Management Office is responsible for ensuring that a detailed quarterly recording process/audit trail, along with supporting project folders/payments vouchers are maintained in order to document the figures provided in the report. This audit trail will be maintained for a period of three (3) years. A sample spreadsheet that is being used successfully at some installations for the audit trail and manual recording of CIP is provided for your use (Appendix A). This spreadsheet or a locally developed method will be used by each installation DPW Business Management Office/project manager. *(Upon request, an electronic copy of the spreadsheet is available from the OACSIM POC).*

d. On a quarterly basis the end-of-period CIP amount will be reported by the DPW Business Management Office by memorandum to the DRM (negative reports are required). The report is to be effective as of the last business day of each quarter and is due to the DRM immediately following the end of each quarter. The report will consist of only the total balance of all ongoing, in-house construction projects to date, not each project. Once received, a managerial

accountant in DRM will establish a journal voucher for the CIP and submits it to their servicing Defense Finance and Accounting Service (DFAS) Accounting Activity for processing. The journal voucher will include the appropriation (e.g., Military Construction (21 FY 2050), or Operation and Maintenance (21 FY 2020), Operating Agency (OA XX), Allotment Serial Number (4 positions), and Fiscal Station Number (5 positions). The end-of-period CIP dollar balance in most cases will be a debit to Account 1720, Construction in Progress, and a credit to Account 3100, Unexpended Appropriations. Other circumstances may warrant the use of other accounts as described in the DoD Financial Management Regulation, Volume 4, Chapter 6. The DFAS Accounting Activity records the end-of-period CIP balance in the field-level general ledger accounting system which in-turn updates the Department of Army General Ledger maintained by DFAS-Indianapolis.

e. Recording costs for each project is required until a project is completed. As each individual project is completed, it is up to the DPW Business Management Office to subtract the completed project from the total CIP balance before the quarterly submission to the DRM.

f. Upon completion of the in-house project, the project manager prepares and submits a completed DD 1354 to the Real Property Accountable Officer within seven (7) days of the project completion and drops the project from the CIP status report. The final amount of CIP for the completed project will match the costs entered on the DD 1354. The Real Property Accountable Officer is then responsible for timely and accurate posting of the DD 1354 data to the Real Property Inventory of IFS. The data flow chart is provided to assist in tracking the whole process (Appendix B).

5. Instructions (Army National Guard (ARNG)):

a. On a quarterly basis, CIP end-of-period dollar balances will come from the PRIDE project management module by running a report using the following parameters:

(1) The module will pull all of the projects that are coded as new construction or capital improvements which are in the status of Online or In Progress.

(2) The module will look at that list to see if the facility to which it is assigned has a Federal ownership code. It will take the projects that meet all of those parameters and will add all of the fields that are capturing Federal expended dollars for Design, SIOH, and construction. This will produce Construction In Progress for all MILCON and O&M dollars.

b. For financial reporting, the ARNG will forward the CIP information to the US Property & Fiscal Office (USPFO) accounting office so that the accounting office can make note of the asset balance for CIP and any changes in the status of the accounts.

(1) The USPFOs will then prepare a journal voucher to record the CIP. The journal voucher will include the appropriation (e.g., Construction (21 FY 2085), Operation and Maintenance (21 FY 2065), Operating Agency (OA 18), Allotment Serial Number (4 positions), and Fiscal Station Number (5 positions). The end-of-period CIP dollar balance in most cases will be a debit to Account 1720, Construction in Progress, and a credit to Account 3100, Unexpended

Appropriations. Other circumstances may warrant the use of other accounts as described in the DoD Financial Management Regulation, Volume 4, Chapter 6.

(2) The USPFOs will forward the journal voucher to DFAS Indianapolis, Directorate for Corporate Operations, ATTN: DFAS-IN-IHCCC, 8899 East 56th Street, Indianapolis, IN 46249-1325. The journal vouchers are due to DFAS NLT four workdays following the end of the quarter (Dec, Mar, Jun, Sep).

DATA FLOW FOR TRACKING CONSTRUCTION-IN-PROGRESS FOR CAPITAL IMPROVEMENTS

